

***Illinois Housing Development Authority
Internal Audit Department
Audit Committee Minutes
December 15, 2017***

The Audit Committee of the Illinois Housing Development Authority met on December 15, 2017 at the Authority's offices in the Executive Conference Room. Attendance included:

- For the Audit Committee: King Harris, Chairman of the Board
Karen Davis, Committee Chairperson
Alyssa Rapp, Committee Member
- For the Authority: Debbie Olson, Chief of Staff
Kevin O'Connor, Chief Internal Auditor
Michaela Angeles, Department Administrator
Scot Berkey, Chief Information Officer
Christine Moran, Managing Director, Multifamily
Keith Pryor, Assistant Director, Multifamily
Mary Stanford, Loan and Portfolio Management

The meeting started at approximately 8:55 AM.

- I. Approval of Audit Committee Minutes from September 29 2017
Ms. Davis presented the audit committee minutes for approval. Mr. Harris seconded the motion. The minutes were approved as submitted.
- II. FY2018 Audit Plan Status Report
Mr. O'Connor presented the audit plan status report for FY2018 audits. Two reviews have been completed and three are currently in progress. Two reviews in progress are awaiting management signature. Mr. O'Connor noted the department was on track to meet the audit plan. Nineteen reviews were completed last year, as there were several Information Technology audits performed.

Mr. O'Connor added that three audits would be initiated soon, auditing areas of cost reimbursement, procurement and Section 811. He noted these are audits would take at least six weeks to perform as they are major reviews. He added that procurement has not been reviewed in several years.

Mr. O'Connor noted that there is space on the audit plan assigned for three special projects in the year; one space is full and the other two are still available.
- III. Internal Audit Observation Follow-up
Mr. O'Connor presented the follow-up and noted there were only a handful of outstanding observations. He commended the department directors for doing a great job resolving issues raised with observations. Mr. O'Connor noted an audit for the physical inspections review has just been initiated.

Ms. Rapp inquired about a HUD observation related to physical inspections. Mr. O'Connor noted that an audit has recently been initiated. Ms. Davis added that historically there have been issues due to data entry and manual error.

IV. Internal Audit Informational Updates

Mr. O'Connor presented the informational updates.

He noted the strategic plan initiatives continue to be on schedule.

Going forward, the audit committee package will become paperless and only an electronic version of the package will be distributed.

He stated the quality assurance review (QAR) will be performed internally as a result of updates to the FCIAA standards. A full review with an external validator was last performed in February 2017.

He noted the FY2017 external audit compliance report was expected to be completed in March. An early January audit committee meeting would be scheduled if the report is completed by then.

V. FY2018 Internal Audit Reports

#2018-001 Single Family Whole Loans

Mr. O'Connor presented the review. He noted the audit was high risk and received a significant deficiency rating. Ms. Torrens stated the observations have been fixed and weekly reconciliations are being performed.

#2018-003 Illinois Housing Affordable Trust Fund Review

Mr. O'Connor presented the review. He noted the audit was last performed in June 2014. The program is subject to audit once every five years as it is a medium risk area. He noted the overall report rating is significant deficiency, adding lack of updated policies and procedures, and lack of documentation. Ms. Moran noted action is underway and policies and procedures will be completed by April. Ms. Olson added that staff have been hired to work on improving and centralizing policies and procedures.

Ms. Rapp inquired about training and suggested visual training programs for new employees. Ms. Olson stated the communications department will be addressing visual training programs in the future.

The meeting concluded at approximately 9:20 A.M.